

Free

United Corporations Limited



Annual Report 1968

United Corporations Limited

Annual Report for the year ended December 31,

1968

Directors

T. N. BEAUPRÉ	K. S. HOWARD, Q.C.
G. D. BIRKS	A. F. MAYNE
J. V. EMORY	G. B. SEELY
J. E. FARMER	A. E. TARR
C. L. GUNDY	

Officers

J. V. EMORY, President
C. L. GUNDY, Vice-President
G. B. SEELY, General Manager
R. B. WRIGHT, Assistant to the President
MISS I. WATERHOUSE, Secretary and Treasurer
MISS E. CLAYTON, Asst.-Secretary and Asst.-Treasurer

Head Office

5 Place Ville Marie, Montreal, Quebec, Canada

To the Shareholders

Your Directors take pleasure in presenting the 36th Annual Report of your Company for the year ended December 31, 1968.

Balance Sheet

(see page 6)

The format of the Balance Sheet has been changed this year in that investments have been shown at market value instead of at cost as had been the custom in previous years. Comparative figures for 1967 have been adjusted accordingly. It is felt that the new form of Balance Sheet will prove more informative in that it gives a clearer presentation of the true value of the assets of your Company. In addition, it ties in much more closely with the Statement of Changes in Net Assets referred to below.

The aggregate market value of your Company's assets at December 31, 1968, was \$88,027,711 as compared with \$75,921,296 at the end of the previous year. After provision for current liabilities and allowing \$30 each in respect of the outstanding Class "A" and 1959 Series First Preferred Shares and \$31.50 each in respect of the outstanding 1963 Series First Preferred Shares (their respective redemption prices), the net equity value behind each of the three classes of shares was as follows:—

Class "A" Shares—	\$84,930,355 or	\$1,625.87 per share
First Preferred Shares—	83,363,245 or	416.82 per share
Class "B" Shares—	77,183,680 or	21.98 per share

The figure of \$21.98 per Class "B" Share was a new month-end and year-end high and an increase of 15% over the previous year-end high of \$19.11 at the end of 1967. It will be of interest to shareholders that, as of January 31, 1969, the unaudited net equity value per Class "B" Share had shown a further increase to \$22.17 after provision for the substantial extra dividend declared in January.

Statement of Income

(see page 7)

Gross income after withholding taxes amounted to \$2,364,177, a new record, as compared with \$2,345,446 in 1967. Operating expenses increased to \$226,717 from the corresponding figure of \$182,561 for the previous year. This increase will be commented upon more fully later



in this report. Net income for the year after all charges including income taxes was \$2,093,460, down slightly from \$2,118,885 for 1967.

Statement of Surplus

(see page 7)

Total additions to surplus during the year amounted to \$9,779,116 consisting of \$2,093,460 in net income and \$7,685,656 in profits realized on sale of investments.

After provision for dividends on the Class "A" and First Preferred Shares, net income available for the Class "B" Shares was \$1,715,104, down slightly from the corresponding 1967 figure of \$1,740,529. On the basis of the 3,510,873 Class "B" Shares outstanding at the end of 1968, net income per share amounted to 48.8¢ as compared with 49.6¢ per share for 1967 on the 3,504,873 shares outstanding at that time.

Dividends declared and paid on the Class "B" Shares during 1968 under the new dividend policy referred to in last year's Annual Report totalled \$2,523,508. After providing for these and for \$15,095 in non-recurring expenses having largely to do with the listing of all classes of shares on the Montreal Stock Exchange, the net addition to surplus for 1968 was \$6,862,157, bringing total surplus as at December 31, 1968, to \$49,294,235. In addition, the unrealized appreciation in market value of investments increased during the year by \$3,242,531 to a year-end figure of \$23,288,187.



Statement of Changes in Net Assets

(see page 8)

This statement is now a requirement of the Ontario Securities Commission and is basically a specialized form of statement of source and application of funds designed for use by investment companies.

Dividends

Class "A" dividends totalling \$78,356 were declared and paid during 1968. Dividends declared and paid on the two outstanding series of First Preferred Shares amounted to \$300,000.

Regular dividends declared and paid on the Class "B" Shares during 1968 consisted of four quarterly dividends of 11¢ per share for a total of 44¢. In addition, as the first step in implementing the new dividend policy announced in January, 1968, an extra dividend of 28¢ per Class "B" Share applicable to 1967 operations was declared in that month payable in February, 1968. Total Class "B" dividends declared and paid in 1968 therefore aggregated 72¢ per share.

As announced in the special report to Class "B" shareholders dated January 20, 1969, the average unaudited month-end net equity value per Class "B" Share for the twelve months of 1968 was \$19.50. A 4% yield on this figure called for dividends applicable to the year's operations totalling 78¢ per share of which 44¢ had already been declared and paid during the year in the form of quarterly dividends. Extra dividends of 4¢ per share in cash and 30¢ per share in the form of 3% Non-Cumulative Redeemable Second Preferred Shares of the par value of 5¢ each were therefore declared in January, 1969. The declaration of this stock dividend marked the full implementation of the new dividend policy referred to above in that the preferred shares involved were immediately redeemed without issuance of share certificates and we are informed that the proceeds of the redemption constituted a payment of capital to shareholders and, as such, should not be subject to Canadian federal or provincial income tax.

Portfolio and Investment Policy

The detailed portfolio of investments held by your company at the end of 1968 is set out on pages 12, 13 and 14 of this report and the distribution of investments, together

with pro-forma balance sheets for the last five years showing changes in the weighting of the portfolio, will be found on page 16.

There has been no change in our basic investment objective of providing shareholders, within the limits of reasonable prudence, with the maximum return on their investment in the form of a combination of current income and long-term growth of capital. In a closed-end investment company such as ours, however, growth of capital in the form of increases in net equity value per Class "B" Share is of little practical use to shareholders unless such increases are adequately reflected in the market price of those shares. In fact, the principal consideration which led your Directors to adopt the somewhat radical dividend policy now being followed was their conviction that it would result in a much closer relationship between the market price of our Class "B" Shares and their actual net equity value than had been the case in the past. The results achieved in this respect during 1968, the first full year during which the dividend policy was operative, are most encouraging in that the discount between the market price and the net equity value of our Class "B" Shares narrowed from approximately 32% to about 20% during the year.

Record of Asset Valuations and Revenue

As usual, there appears on pages 10 and 11 of this report a record of your Company's progress during the thirty-six years of its existence. In addition, we are continuing the practice introduced last year of presenting a graphical record of our performance over the last twenty years.

It will be remembered that it was only in 1962 that the investment policy of your Company was changed from that of a "balanced" portfolio to a more aggressive attitude towards equities and, for this reason, a review of the results achieved during the last seven years may be of particular interest to shareholders.

Between December 31, 1961, and December 31, 1968, the Toronto Stock Exchange Industrial Index and the Montreal Stock Exchange Composite Index rose by 37% and 50% respectively. During this same period of time the Dow Jones Industrial Average and the Standard & Poors Composite Index advanced by 29% and 45%. By comparison with these widely used measures of the Canadian and American stock markets, our net equity value per

Class "B" Share increased from \$11.77 to \$21.98 or by 87%. It should be pointed out that no adjustment has been made in these comparisons for dividends declared.

Nine Year Record of Operating Expenses

Your attention is directed to the nine year record of operating expenses which appears on page 15 of this report. The fact that your Company acquired the assets of London Canadian Investment Corporation in 1959 makes comparisons prior to 1960 difficult. The figures for individual expense items in this informal record have been adjusted for comparative purposes and hence do not necessarily conform with the audited statements for the years concerned.

From the comparative figures it can be seen that operating expenses for 1968, while showing an increase from those for 1967, remained relatively constant as a percentage of net equity available for the Class "B" Shares and were, in fact, well below the average percentage figure of 0.33% for the nine year period.

In addition to the normal increases in operating expenses inevitable in an expanding enterprise, one non-recurring factor affecting those expenses in 1968 was the decision, referred to in last year's Annual Report, taken by an associated investment company to wind up in October, 1967. This associated company had been operated in conjunction with your Company for many years and had contributed its share towards the payment of joint operating expenses. This contribution was, of course, entirely lost in 1968.

United Bond & Share Limited

United Bond & Share Limited is a wholly-owned subsidiary which provides investment management services to individuals and corporations on a fee basis. Your Company benefits in two ways from the fees earned by this subsidiary. First, it pays its full share of our overall expenses thus reducing the operating expenses of your Company. Second, it pays periodic dividends to your Company equal to substantially all its net income after taxes.

Assets under administration by United Bond & Share Limited showed a further sizeable expansion during 1968. We are particularly encouraged by the progress of RoyFund Ltd., the new mutual fund launched in April, 1967, in cooperation with The Royal Bank of Canada, to which reference was made in last year's Annual Report.

Associated Companies

Two announcements were made in October, 1968, of developments which indicated the broadening interest of your Company in financial areas other than straight portfolio investment and we feel that it is worth repeating those announcements at this time.

"For some time we have held an equal interest with The Royal Bank of Canada in the Interior Trust Company, which is incorporated under the laws of Manitoba and is at present dormant insofar as the usual operations of a trust company are concerned. Interior Trust, in turn, owns 50% of the voting shares of RoyMor Ltd. with the remaining 50% being owned by the Bank. The business of RoyMor Ltd. is to purchase mortgages from the bank which the latter has originated and processed and \$15 million of the company's debentures have already been offered to the public. Our indirect investment in RoyMor Ltd. is not a large one in relation to our assets but we are pleased to be able to participate in a venture which should prove to be of material assistance to Canadian housing and feel that the company has a sizeable potential for growth in the field of mortgage banking.

"In association with The Royal Bank of Canada and other investors we have formed a private company called International Capital Corporation Ltd. and initially the Bank and ourselves will own between us a substantial majority of the voting stock. The new company, which will be independently staffed and operated, will engage in what is generally known as merchant banking; providing essentially equity capital for companies with attractive growth possibilities, which cannot readily obtain the funds they need through more conventional financial channels, and backing up that capital with counsel and assistance where required. It is expected that the company will be in full operation about the end of October and we believe that it has very interesting possibilities in an area which has been outside our sphere of operations up to now."

Employee Stock Option Plan

No options were granted in 1968. Options covering 6,000 Class "B" Shares were, however, exercised during the year. As of the end of 1968, therefore, of the 122,520 shares reserved for issue under the plan in 1958, options covering 109,000 shares had been granted and 99,000 of those shares had been purchased by optionees or their heirs.

At a meeting of the Directors on March 3rd, 1969, the Company's Stock Option Plan was amended to increase the number of Class "B" Shares available for options thereunder by 100,000 to a total of 113,520 shares and, in accordance with the latest stock exchange requirements, to raise the option price to not less than 90% (rather than 80%) of the "market price" as defined in the Plan. At the same meeting the Directors granted options under the Plan in respect of a total of 70,000 Class "B" Shares at a price of \$15.875 per share to three Senior Officers of the Company, such options being exercisable up to January 31, 1979 conditional upon continued employment.

Directors

On May 8, 1968, your Directors were saddened by the death of E. G. Burton, C.B.E., who had been a highly valued Director of your Company since April, 1961. Mr. Burton was a leading figure in the industrial and commercial life of Canada and his passing was a great loss to the country as a whole as well as to a host of friends and associates.

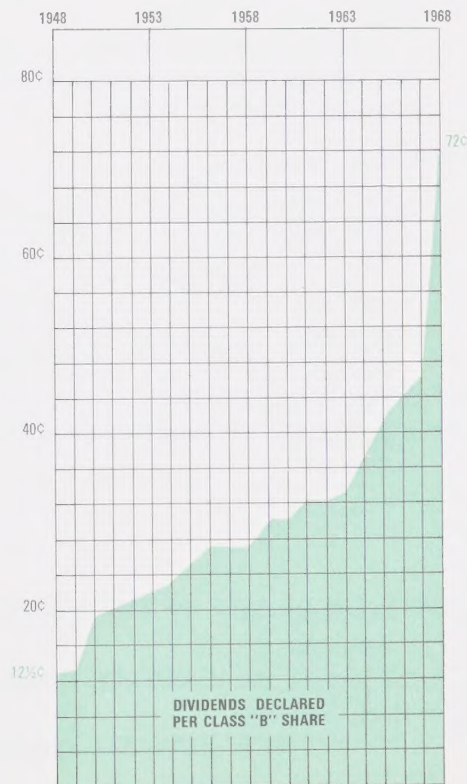
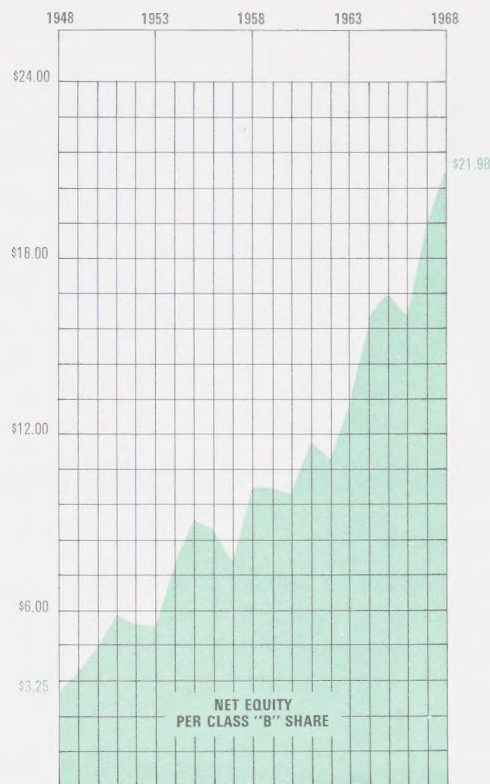
In order to fill the present vacancy, Mr. I. A. Barclay of Vancouver, President and Chief Executive Officer of British Columbia Forest Products Limited has consented to have his name placed in nomination at the Annual General Meeting to be held on April 21, 1969.

On behalf of the Directors,

J. V. EMORY,

President.

March 13, 1969.



Assets

	1968	1967
Investments, at market value (Notes 1 and 5) (average cost, \$58,997,072; 1967—\$53,072,723)	<u>\$82,285,259</u>	<u>\$73,118,379</u>
<i>Current assets:</i>		
Cash—including short-term notes, 1968—\$2,393,900; 1967—\$1,445,196 (Note 1)	5,640,280	2,720,717
Accrued interest on investments	81,320	77,492
Prepaid expenses	20,852	4,708
	<u>5,742,452</u>	<u>2,802,917</u>
	<u>\$88,027,711</u>	<u>\$75,921,296</u>

Liabilities and Shareholders' Equity

Current liabilities:

Due to brokers on delivery of securities	\$ 3,070,363	\$ 1,149,010
Income taxes	17,994	6,790
Other accounts payable	8,999	8,679
	<u>3,097,356</u>	<u>1,164,479</u>

Shareholders' equity:

Capital stock (Notes 2 and 3) —

Authorized —

52,237 Class "A" shares
200,000 First preferred shares
140,000,000 Second preferred shares
6,000,000 Class "B" shares

Issued —

Class "A"	First Preferred	Class "B"			
52,237	—	2,877,480	for a consideration of	119,384	119,384
—	200,000	—	" " " "	6,000,000	6,000,000
—	—	633,393	" " " "	6,228,549	6,159,699
<u>52,237</u>	<u>200,000</u>	<u>3,510,873</u>		<u>12,347,933</u>	<u>12,279,083</u>

Surplus (Statement attached)	49,294,235	42,432,078
Unrealized appreciation in market value of investments	23,288,187	20,045,656
	<u>72,582,422</u>	<u>62,477,734</u>
	<u>84,930,355</u>	<u>74,756,817</u>
	<u>\$88,027,711</u>	<u>\$75,921,296</u>

SIGNED ON BEHALF OF THE BOARD:

J. V. EMORY, Director

K. S. HOWARD, Director



Statement of Income For the Year Ended December 31, 1968

	1968	1967
<i>Income:</i>		
Dividends and interest	\$2,397,778	\$2,274,289
Stock dividends received and sold	13,875	103,099
	<u>2,411,653</u>	<u>2,377,388</u>
Less: U.S. withholding taxes	47,476	31,942
	<u>2,364,177</u>	<u>2,345,446</u>
<i>Expenses:</i>		
Management expenses	116,314	93,600
Fees and expenses of trustee, registrar and transfer agents	25,959	18,353
Directors' remuneration (Note 5)	57,966	52,576
Taxes other than income taxes	5,253	4,838
Audit fees	4,033	3,200
Miscellaneous expenses	7,093	2,914
Staff pension plan (current premium)	10,099	7,080
	<u>226,717</u>	<u>182,561</u>
Income for the year before taxes	2,137,460	2,162,885
Provision for taxes on income	44,000	44,000
Net income for the year	<u>\$2,093,460</u>	<u>\$2,118,885</u>
Net income per Class "B" share (after payment of Class "A" and First Preferred dividends)	<u>\$0.488</u>	<u>\$0.496</u>

Statement of Surplus For the Year Ended December 31, 1968

	1968	1967
<i>Accumulated net income:</i>		
Balance, beginning of year	\$ 1,226,913	\$ 1,087,423
Net income for the year (statement attached)	2,093,460	2,118,885
	<u>3,320,373</u>	<u>3,206,308</u>
Less: Dividends (Note 4) —		
Class "A" shares	78,356	78,356
First preferred shares	300,000	300,000
Class "B" shares	2,523,508	1,601,039
	<u>2,901,864</u>	<u>1,979,395</u>
	418,509	1,226,913
	15,095	—
Deduct: Non-recurring expenses	<u>403,414</u>	<u>1,226,913</u>
Balance, end of year		
<i>Accumulated net realized gains on investments:</i>		
Balance, beginning of year	41,205,165	35,153,990
Add: Net gain on sale of investments	7,685,656	6,051,175
Balance, end of year	<u>48,890,821</u>	<u>41,205,165</u>
Total surplus	<u>\$49,294,235</u>	<u>\$42,432,078</u>

United Corporations Limited

Statement of Unrealized Appreciation of Investments

For the Year Ended December 31, 1968 (Note 1)

	<u>1968</u>	<u>1967</u>
Balance, beginning of year	\$20,045,656	\$14,875,057
Increase during year	<u>3,242,531</u>	<u>5,170,599</u>
Balance, end of year	<u>\$23,288,187</u>	<u>\$20,045,656</u>

Statement of Changes in Net Assets

For the Year Ended December 31, 1968

	<u>1968</u>	<u>1967</u>
Net assets, beginning of year	\$74,756,817	\$63,155,547
Net income	2,093,460	2,118,885
Net realized gain on sale of investments*	7,685,656	6,051,175
Proceeds from issue of capital stock	68,850	239,646
Net increase in unrealized appreciation of investments	3,242,531	5,170,959
Dividends paid	(2,901,864)	(1,979,395)
Non-recurring expenses	(15,095)	—
Net assets end of year	<u>84,930,355</u>	<u>74,756,817</u>
 <i>Deduct:</i> Redemption value of Class "A" and First Preferred Shares	 7,746,675	 7,746,675
Net assets, applicable to Class "B" shares	<u>\$77,183,680</u>	<u>\$67,010,142</u>
Number of shares outstanding at year end	<u>3,510,873</u>	<u>3,504,873</u>
Net asset value per Class "B" share	<u>\$ 21.98</u>	<u>\$ 19.11</u>

* Aggregate proceeds from sale of investments	<u>\$33,735,303</u>	<u>\$17,830,788</u>
<i>Deduct:</i> Cost of investments sold—		
Aggregate cost of investments owned at beginning of year	53,072,723	47,646,510
Aggregate cost of purchases of investments	<u>31,973,996</u>	<u>17,205,826</u>
	85,046,719	64,852,336
Aggregate cost of investments owned at end of year	<u>58,997,072</u>	<u>53,072,723</u>
	26,049,647	11,779,613
Net realized gain on sale of investments	<u>\$ 7,685,656</u>	<u>\$ 6,051,175</u>



Auditors' Report

To the Shareholders of United Corporations Limited:

We have examined the balance sheet of United Corporations Limited as at December 31, 1968, the statements of surplus, income, unrealized appreciation of investments and the statement of changes in net assets for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We verified the corporation's investments and cash on deposit at December 31, 1968 either by direct confirmations received from the custodians or by physical count.

In our opinion these financial statements present fairly the financial position of the corporation as at December 31, 1968, the results of its operations and the supplementary information on changes in net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the changes described in Note 1 to the financial statements.

Price Waterhouse & Co.
Chartered Accountants.

MONTREAL, February 10, 1969.

Notes to Financial Statements, December 31, 1968

Note 1:

The following changes in accounting practice are reflected in statement presentation for the year ended December 31, 1968: the basis of carrying investments on the balance sheet was changed from cost to market value and short-term notes previously shown as investments were included with cash under one caption. For purposes of comparison the balance sheet as at December 31, 1967 has been restated. Net income for the year has not been affected by these changes.

Note 2:

During the year the company obtained supplementary letters patent authorizing: (a) an increase in its capital stock by the creation of 140,000,000 3% Non-Cumulative Redeemable Second Preferred Shares of the par value of 5 cents per share and (b) the redesignation of its 5% Cumulative Redeemable Preferred Shares (1959 and 1963 Series) as 5% Cumulative Redeemable First Preferred Shares.

Class "A" shares, without nominal or par value, are preferred as to cumulative dividends of \$1.50 per share per annum, and as to assets on winding up to the extent of \$30 per share plus accrued and unpaid dividends.

The redesignated 5% Cumulative Redeemable First Preferred Shares of the par value of \$30 per share, are preferred over the 3% Non-Cumulative Redeemable Second Preferred Shares and the Class "B" shares as to cumulative dividends and as to repayment of capital, accrued dividends and specified premiums on winding up, but are subject and subordinate to the Class "A" shares of the corporation. The first series of these preferred shares consists of 80,290 5% Cumulative Redeemable First Preferred Shares, 1959 Series, redeemable (on not less than 30 days' notice) and repayable on winding up at par plus accrued dividends. The second series consists of 119,710 5% Cumulative Redeemable First Preferred Shares, 1963 Series, redeemable (on not less than 30 days' notice) and repayable on winding up at \$31.50 plus accrued dividends.

The 3% Non-Cumulative Redeemable Second Preferred Shares are subject and subordinate to the Class "A" and the First Preferred Shares. Dividends on the Second Preferred Shares shall be payable at such time and in such amounts as the Board of Directors may, from time to time, determine provided that no dividends shall be paid on such shares in any fiscal year until all dividends payable on all the outstanding Class "A" shares and on all the outstanding First Preferred Shares shall have been paid or set apart for payment in such year. The company has the right at its option, at any time, to redeem (on not less than 21 days' notice) all or from time to time any of the Second Preferred Shares then outstanding on payment of the redemption price consisting of the amount paid up on such shares plus dividends previously declared thereon but unpaid.

On winding up, the holders of the Second Preferred Shares will be

entitled to be paid a sum equal to the par value of the shares with all declared but unpaid dividends up to the date of payment but no such payment shall be made until there shall have been paid or set apart for payment the sums to which the holders of the Class "A" and First Preferred Shares are entitled.

The Class "B" shares are without nominal or par value.

Note 3:

122,520 Class "B" shares have been reserved for issue under the company's Employee Stock Option Plan established in 1958. Up to December 31, 1968 options to purchase 109,000 shares had been granted as follows:

- (i) 66,750 shares at a price per share equal to 80% of the market value at the time of granting and
- (ii) 42,250 shares at a price per share equal to 90% of the market value at the time of granting.

Options have been exercised to purchase 99,000 shares, including 6,000 shares in 1968. The Stock Option Plan was amended subsequent to December 31, 1968 to increase the number of Class "B" Shares available for options as referred to in the Annual Report.

Note 4:

The company paid regular quarterly cash dividends on the Class "B" shares in 1968 plus an extra dividend of 28 cents per share. Payment of the aggregate dividend of 72 cents per share (46 cents in 1967) is in accordance with the policy adopted in 1968 to pay in respect of each year dividends equivalent to a yield of approximately 4% on the average month-end equity value of the Class "B" shares for the 12 months of the preceding year.

Dividends declared on January 20, 1969 on the Class "B" shares included an extra cash dividend of 4 cents per share and a stock dividend in the form of 6 of the newly created 3% Non-Cumulative Redeemable Second Preferred Shares of 5 cents par value per share, payable in February 1969 to holders of record as at January 31, 1969. The Second Preferred Shares will be redeemed at par on February 14, 1969. The company has been advised that the proceeds of redemption of these shares (equivalent to 30 cents per Class "B" share) will constitute a payment of capital to shareholders and as such will be exempt from Canadian income taxes.

Note 5:

The accounts of United Bond & Share Limited (a wholly-owned subsidiary) have not been consolidated with those of United Corporations Limited because the amounts involved are not significant. The amount of directors' remuneration shown on the accompanying statement of income does not include \$38,000 allocated to United Bond & Share Limited by United Corporations Limited.

United Corporations Limited

Record of Asset Valuations and Revenue

(Class "B" Share figures have been adjusted to reflect subdivisions of 4 for 1 in April, 1953, and 3 for 1 in June, 1964)

Year Ended Dec. 31	Net Asset Value	Principal Amount of Bonds Outstanding	Net Equity for Class "A" & Pfd.	Class "A" & Pfd. Shares at redemption price (a)
1933.....	\$ 6,120,481	\$ 4,498,900	\$ 1,621,581	\$ 2,000,404
1935.....	9,378,287	4,498,900	4,879,387	2,161,079
1937.....	9,541,981	4,498,900	5,043,081	1,928,100
1939.....	9,843,775	3,705,400	6,138,375	1,588,050
1941.....	8,174,586	3,598,900	4,575,686	1,588,050
1943.....	9,746,273	3,000,000	6,746,273	1,579,800
1945.....	14,443,864	2,800,000	11,643,864	1,579,800
1947.....	13,668,485	2,600,000	11,068,485	1,579,800
1948.....	13,443,096	2,500,000	10,943,096	1,567,110
1949.....	14,771,960	2,400,000	12,371,960	1,567,110
1950.....	17,409,613	2,300,000	15,109,613	1,567,110
1951.....	20,391,615	2,200,000	18,191,615	1,567,110
1952.....	19,359,943	2,000,000	17,359,943	1,567,110
1953.....	19,130,077	1,900,000	17,230,077	1,567,110
1954.....	25,100,871	1,800,000	23,300,871	1,567,110
1955.....	29,014,916	1,700,000	27,314,916	1,567,110
1956.....	28,054,394	1,316,300	26,738,094	1,567,110
1957.....	24,446,536	878,900	23,567,636	1,567,110
1958.....	30,381,268	—	30,381,268	1,567,110
1959.....	38,196,704	—	38,196,704	3,975,810
1960.....	37,599,824	—	37,599,824	3,975,810
1961.....	44,351,503	—	44,351,503	3,975,810
1962.....	41,868,337	—	41,868,337	3,975,810
1963.....	52,320,937	—	52,320,937	7,746,675
1964.....	62,860,580	—	62,860,580	7,746,675
1965.....	66,117,062	—	66,117,062	7,746,675
1966.....	63,155,547	—	63,155,547	7,746,675
1967.....	74,756,817	—	74,756,817	7,746,675
1968.....	84,930,355	—	84,930,355	7,746,675

(a) Including Class "A" dividend arrears of \$ 72,304 in 1933
Including Class "A" dividend arrears of \$232,979 in 1935

(b) Denotes red figures.

(c) Class "A" dividends paid:

1933.....	\$ —
1935.....	.50
1937.....	4.125
1939 to date.....	1.50 per year



Net Equity for Class "B"	Net Equity for Class "B" per share	Net Revenue for the year	Dividends on Class "A" and Pfd. Shares (c)	Net Revenue Available to Class "B" Shares	Net Revenue per share Class "B"	Dividends Declared per share Class "B"
\$ 378,823 (b)	\$ 0.13 (b)	\$ 72,510	\$ 72,304	\$ 206	\$ —	\$ —
2,718,308	0.94	83,252	96,405	13,153 (b)	.005 (b)	—
3,114,981	1.08	205,196	96,405	108,791	.038	—
4,550,325	1.58	139,462	80,978	58,484	.020	—
2,987,636	1.03	160,968	79,403	81,565	.028	.02
5,166,473	1.79	156,727	78,990	77,737	.027	.025
10,064,064	3.49	252,049	78,990	173,059	.060	.06
9,488,685	3.29	417,965	78,990	338,975	.118	.11
9,375,986	3.25	448,846	78,867	369,979	.129	.125
10,804,850	3.75	463,389	78,356	385,033	.134	.13
13,542,503	4.70	642,086	78,356	563,730	.196	.19
16,624,505	5.77	656,437	78,355	578,082	.201	.20
15,792,833	5.48	692,112	78,356	613,756	.213	.21
15,662,967	5.44	717,206	78,356	638,850	.222	.22
21,733,761	7.55	777,697	78,356	699,341	.243	.23
25,747,806	8.94	810,692	78,355	732,337	.255	.25
25,170,984	8.74	857,145	78,355	778,790	.271	.27
22,000,526	7.64	912,771	78,355	834,416	.290	.27
28,814,158	10.01	976,297	78,356	897,941	.312	.27
34,220,894	10.02	978,793	78,355 (e)	900,438 (e)	.313 (d)	.30
33,624,014	9.85	1,308,461	198,790 (e)	1,109,671 (e)	.325	.30
40,375,693	11.77	1,315,655	198,790	1,116,865	.326	.32
37,892,527	11.01	1,340,004	198,790	1,141,214	.332	.32
44,574,262	12.84	1,509,951	330,800 (e)	1,179,151 (e)	.340	.33
55,113,905	15.87	1,726,160	378,356	1,347,804	.388	.37
58,370,387	16.80	1,881,460	378,356	1,503,104	.433	.41
55,408,872	15.94	1,961,783	378,356 (f)	1,583,427	.455	.44 (g)
67,010,142	19.11	2,118,885	378,356	1,740,529	.496	.46
77,183,680	21.98	2,093,460	378,356	1,715,104	.488	.72

(d) Does not include 534,393 Class "B" shares issued December 23, 1959.

(e) Excluding dividends declared on Class "A" Shares in 1959 and on Preferred Shares in 1960 and 1963, in excess of their respective regular annual rates.

(f) Includes full annual dividends on Class "A" and Preferred Shares though only three quarterly dividends were declared.

(g) Includes extra dividend of 4¢ per share declared in January, 1967.

United Corporations Limited

Portfolio of Investments as at December 31, 1968

No. of Shares or Par Value			Market Value	Percent Total Assets
\$2,400,000	SHORT TERM NOTES		\$ 2,393,900	2.72%
Canadian Government & Guaranteed Bonds				
\$3,300,000	Government of Canada	Conv. 6% 1971	\$ 3,242,250	
950,000	Government of Canada	5% 1973	866,875	
275,000	Government of Canada	7% 1973	272,938	
700,000	Government of Canada	5½% 1974	647,500	
			<u>\$ 5,029,563</u>	5.71%
Canadian Provincial & Provincial Guaranteed Bonds				
\$ 100,000	Hydro-Electric Power Commission of Ontario	6% 1972	\$ 95,000	
20,000	Province of Quebec	6% 1972	18,775	
			<u>\$ 113,775</u>	0.13%
Preferred Stocks—Excluding Convertibles				
900	Anglo-Canadian Telephone Company	\$2.65	\$ 34,425	
1,000	Anglo-Canadian Telephone Company	\$2.90	43,000	
6,000	Consolidated-Bathurst Limited	6%	114,000	
2,500	Quebec Natural Gas Corporation	5.40%	181,250	
1,875	Quebec Natural Gas Corporation	5½%	135,234	
4,000	Third Canadian General Investment Trust Limited	\$2.50	155,000	
5,000	Trans-Canada Pipe Lines Limited	\$2.80	212,500	
2,000	Westfair Foods Limited	"A"	58,500	
			<u>\$ 933,909</u>	1.06%
Banks & Finance				
90,000	Canadian Imperial Bank of Commerce		\$ 2,025,000	
2,500	Granite Investment & Development Limited	2nd Conv. Pfd.	200,000	
60,000	Industrial Acceptance Corporation Limited		1,500,000	
1,950	Interior Trust Company		214,500	
570,000	International Capital Corporation Limited		570,000	
88,500	The Royal Bank of Canada		2,356,313	
200,000	St. Maurice Gas Incorporated		580,000	
60,000	United Bond & Share Limited		60,000	
			<u>\$ 7,505,813</u>	8.53%
Beverages				
40,000	Distillers Corporation-Seagrams Limited		\$ 2,020,000	
20,000	Hiram Walker-Gooderham & Worts Limited		845,000	
			<u>\$ 2,865,000</u>	3.26%
Building Materials				
18,400	American Standard Incorporated		\$ 888,352	
30,000	Atco Industries Limited		810,000	
30,000	Canada Cement Company Limited		1,005,000	
9,000	National Gypsum Company		569,700	
12,000	PPG Industries Incorporated		518,160	
			<u>\$ 3,791,212</u>	4.31%

Portfolio of Investments (Continued)

No. of Shares or Par Value		Market Value	Percent Total Assets
Chemicals & Drugs			
120,000	Chemcell Limited	\$ 1,320,000	
4,500	E. I. duPont de Nemours & Company	796,545	
15,000	Jefferson Lake Petrochemicals of Canada Limited	536,250	
		<u>\$ 2,652,795</u>	3.01%
Electronics & Aerospace			
30,000	International Systcoms Limited	\$ 330,000	
16,000	International Telephone & Telegraph Corporation	999,840	
10,000	Radio Corporation of America	496,200	
		<u>\$ 1,826,040</u>	2.07%
Machinery			
10,000	I.T.L. Industries Limited 6½% Conv. Pfd.	\$ 279,500	
15,000	I.T.L. Industries Limited	228,750	
70,000	Massey-Ferguson Limited	1,645,000	
21,000	McNeil Corporation	642,180	
30,000	Robert Morse Corporation Limited "A"	585,000	
		<u>\$ 3,380,430</u>	3.84%
Metals & Mining			
20,000	Alcan Aluminium Limited	\$ 575,000	
30,000	Asbestos Corporation Limited	765,000	
50,000	Bethlehem Copper Corporation Limited	906,250	
50,000	Brenda Mines Limited	693,750	
55,000	Canadian British Aluminium Company Limited "A"	1,265,000	
20,000	Falconbridge Nickel Mines Limited	2,150,000	
19,000	International Nickel Company of Canada Limited	788,500	
34,000	Noranda Mines Limited	1,173,000	
45,000	Preston Mines Limited	888,750	
		<u>\$ 9,205,250</u>	10.46%
Office Equipment & Supplies			
9,000	Addressograph-Multigraph International Corporation	\$ 689,130	
3,000	International Business Machines Corporation	1,013,820	
48,000	Moore Corporation Limited	1,554,000	
		<u>\$ 3,256,950</u>	3.70%
Oil & Gas			
30,000	Aquitaine Company of Canada Limited	\$ 532,500	
30,000	Bow Valley Industries Limited	836,250	
30,000	Gulf Oil Canada Limited	1,380,000	
20,000	Gulf Oil Corporation	925,400	
5,000	Home Oil Company Limited "A"	213,750	
5,000	Home Oil Company Limited "B"	215,000	
20,000	Husky Oil Limited	470,000	
20,000	Imperial Oil Limited	1,655,000	
10,000	Kenting Limited	235,000	
12,500	Mobil Oil Corporation	787,875	
30,000	Petrofina Canada Limited	562,500	
18,563	Royal Dutch Petroleum Company	1,008,127	
12,000	Scurry-Rainbow Oils Limited	477,000	
24,800	Union Oil Company of Canada Limited	1,116,000	
100,000	Western Decalta Petroleum Limited	605,000	
		<u>\$11,019,402</u>	12.52%

Portfolio of Investments (Concluded)

No. of Shares or Par Value		Market Value	Percent Total Assets
Paper & Forest Products			
70,000	British Columbia Forest Products Limited	\$ 2,161,250	
100,000	Domtar Limited	1,175,000	
60,000	MacMillan, Bloedel Limited	1,725,000	
		<u>\$ 5,061,250</u>	5.75%
Pipelines & Utilities			
15,000	British Columbia Telephone Company	\$ 1,035,000	
7,500	International Utilities Corporation \$1.32 Conv. Pfd.	337,500	
22,000	International Utilities Corporation	990,000	
4,500	Trans-Canada Pipe Lines Limited \$2.75 Conv. Pfd.	330,750	
40,700	Trans-Canada Pipe Lines Limited	1,577,125	
45,000	Westcoast Transmission Company Limited	1,248,750	
		<u>\$ 5,519,125</u>	6.27%
Retail Merchandising			
260	D'Allaird Manufacturing Company Limited	\$ 403,000	
20,000	W. T. Grant Company	914,600	
15,000	Marcor Incorporated	844,800	
10,000	Melville Shoe Company	633,000	
55,000	Simpsons, Limited	2,007,500	
22,000	Simpsons-Sears Limited "A"	698,500	
90,000	Woodward Stores Limited "A"	1,687,500	
		<u>\$ 7,188,900</u>	8.17%
Steel & Iron			
65,000	Algoma Steel Corporation Limited	\$ 1,300,000	
55,000	Dominion Foundries and Steel Limited	1,285,625	
29,000	Labrador Mining and Exploration Company Limited	1,000,500	
60,000	Steel Company of Canada Limited	1,590,000	
		<u>\$ 5,176,125</u>	5.88%
Transportation & Equipment			
30,000	Canada Steamship Lines Limited	\$ 960,000	
15,000	Canadian Pacific Railway Company	1,155,000	
10,000	Chrysler Corporation	600,800	
12,000	Consolidated Freightways Incorporated	505,320	
3,000	Ford Motor Company of Canada Limited	885,000	
		<u>\$ 4,106,120</u>	4.66%
Miscellaneous			
24,000	Canadian Interurban Properties Limited 7% Conv. Pfd.	\$ 339,000	
12,000	Canadian Interurban Properties Limited	91,500	
40,000	Consumers Glass Company Limited	840,000	
40,000	Consumers Glass Company Limited Rts.	48,000	
15,000	Famous Players Canadian Corporation Limited	1,155,000	
10,000	Uniroyal Incorporated	638,300	
10,000	Western International Hotels Company	541,800	
		<u>\$ 3,653,600</u>	4.15%

United Corporations Limited

Nine Year Record of Operating Expenses

(Dollar amounts in thousands, except per share figures)

	1968	1967	1966	1965	1964	1963	1962	1961	1960
Management Expenses (including Salaries and Pension Plan Costs)	\$178	\$140	\$127	\$122	\$115	\$106	\$120	\$116	\$116
Fees & Expenses of Trustee, Registrar and Transfer Agents	26	19	18	20	17	17	15	16	24
Directors' Fees	14	16	15	17	18	17	16	15	14
Taxes other than Income Taxes	5	5	3	3	3	3	2	3	3
Audit Fees	4	3	2	2	3	5	2	3	2
Total Operating Expenses	\$227	\$183	\$165	\$164	\$156	\$148	\$155	\$153	\$159
Total Operating Expenses per Class "B" Share	6.5¢	5.2¢	4.8¢	4.7¢	4.5¢	4.3¢	4.5¢	4.4¢	4.6¢
Net Equity Available for Class "B" Shares	\$77,184	\$67,010	\$55,409	\$58,370	\$55,114	\$44,574	\$37,893	\$40,376	\$33,624
Equity per Class "B" Share	\$ 21.98	\$ 19.11	\$ 15.94	\$ 16.80	\$ 15.87	\$ 12.84	\$ 11.01	\$ 11.77	\$ 9.85
Total Operating Expenses as a percentage of Net Equity Available for Class "B" Shares	0.29%	0.27%	0.30%	0.28%	0.28%	0.33%	0.41%	0.38%	0.47%



United Corporations Limited

Pro-Forma Balance Sheets

(all investments at market)

1968

\$178

26

14

5

4

\$227

6.5¢

\$77,184

\$ 21.98

0.29%

Portfolio

	December 31				
	1968	1967	1966	1965	1964
Cash, etc., Short Term Notes & Bonds	\$10,885,790	\$ 8,893,939	\$ 9,723,898	\$ 6,624,452	\$ 5,539,676
Less: Liabilities	3,097,356	1,164,479	277,145	212,291	290,318
Quick Reserves	7,788,434	7,729,460	9,446,753	6,412,161	5,249,358
Preferred Stocks	933,909	2,469,406	2,678,201	1,622,526	1,888,759
Total Reserves	8,722,343	10,198,866	12,124,954	8,034,687	7,138,117
*Common Stocks & Convertibles	76,208,012	64,557,951	51,030,593	58,082,375	55,722,463
Total Net Assets	<u>\$84,930,355</u>	<u>\$74,756,817</u>	<u>\$63,155,547</u>	<u>\$66,117,062</u>	<u>\$62,860,580</u>

Capitalization

	December 31				
	1968	1967	1966	1965	1964
Senior Capital at Redemption					
Prices:—					
Class "A" Shares	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110
Preferred Shares	6,179,565	6,179,565	6,179,565	6,179,565	6,179,565
Total Senior Capital	7,746,675	7,746,675	7,746,675	7,746,675	7,746,675
*Class "B" Equity	77,183,680	67,010,142	55,408,872	58,370,387	55,113,905
	<u>\$84,930,355</u>	<u>\$74,756,817</u>	<u>\$63,155,547</u>	<u>\$66,117,062</u>	<u>\$62,860,580</u>

*Percentage of Common Stocks & Convertibles to Class "B" Equity—
1968: 98.7%, 1967: 96.3%, 1966: 92.1%, 1965: 99.5%, 1964: 101.1%.

Distribution of Investments

December 31, 1968 (with comparative market values and percentages for December 31, 1967)

	1968		1967	
	Market Value	Percentage	Market Value	Percentage
Cash, etc., & Short Term Notes	\$ 5,742,452	6.52%	\$ 2,802,917	3.69%
Canadian Government & Guaranteed Bonds	5,029,563	5.71%	5,896,137	7.77%
Canadian Provincial & Provincial Guaranteed Bonds . .	113,775	0.13%	116,775	0.15%
Corporate Bonds	—	—	78,110	0.10%
Corporate Bonds—Convertible	—	—	29,785	0.04%
Preferred Stocks	933,909	1.06%	2,469,406	3.25%
Preferred Stocks—Convertible	1,486,750	1.69%	1,333,362	1.76%
Common Stocks	74,721,262	84.89%	63,194,804	83.24%
Total Assets	<u>\$88,027,711</u>	<u>100.00%</u>	<u>\$75,921,296</u>	<u>100.00%</u>

Geographical distribution at December 31, 1968 was:

Canada 84.08%
United States 15.92%

United Corporations Limited
—Incorporated under the Laws of Canada



General Information

Shares Listed

Class "A", 1959 Series Preferred and Class "B" shares are listed on the London, England, Montreal and Toronto Stock Exchanges. 1963 Series Preferred shares are listed on the Montreal and Toronto Stock Exchanges.

Transfer Agent

Montreal Trust Company
Shares transferable at Montreal, Toronto, Halifax, Winnipeg, Calgary and Vancouver.

Registrar

The Royal Trust Company

Auditors

Price Waterhouse & Co.

Dividend Dates

Dividends on all classes of shares are being paid quarterly on February 15, May 15, August 15, November 15.

Dividends and Taxes

We are advised that Canadian resident individual shareholders are entitled to claim the 20% Canadian income tax credit on their dividends. A 10% Canadian withholding tax is presently exigible on all dividends paid to non-residents. Non-resident shareholders are advised to consult their tax authorities in respect of possible relief for which credit may be claimed on dividends received from this Corporation.

